

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAJ-01 STR-01 NIC-01 AGR-05 SWF-01

AID-05 CIAE-00 COME-00 EB-07 FRB-01 INR-05 NSAE-00

RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-01

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FM AMEMBASSY SOFIA

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INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

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E.O. 11652: NA

TAGS: ECON, PINT, BU

SUBJECT: GOVERNMENT REASSURES BULGARIANS ON SHORTAGES AND PRICES

1. IN UNUSUAL STEP, CHAIRMAN OF STATE PLANNING COMMITTEE, MINISTER OF INTERNAL TRADE AND SERVICES, AND CHAIRMAN OF COMMITTEE ON PRICES WENT ON TELEVISION NOVEMBER 23 TO COUNTER RUMORS OF SHORTAGES OF AND PRICE INCREASES FOR CONSUMER GOODS, PARTICULARLY FOOD. EXTENSIVE SUMMARY OF INTERVIEW CARRIED BY PRESS ON NOVEMBER 25 TO GUARANTEE FURTHER DISSEMINATION OF INFORMATION. POINTS MOST EMPHASIZED WERE THAT THERE ARE SUFFICIENT QUANTITIES OF BASIC COMMODITIES AND PRICES ARE STABLE, WITH NO PRICE INCREASES PLANNED.

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2. WHILE STATING THERE WERE ADEQUATE SUPPLIES OF FOOD

STAPLES SUCH AS BREAD, VEGETABLE FATS, RICE, AND BEANS, MINISTER OF INTERNAL TRADE KARAMANEV ADMITTED THERE WAS PROBLEM WITH SUGAR WHICH HE BLAMED ON INADEQUATE ACTION BY AUTHORITIES, AS WELL AS USE OF LARGE QUANTITIES OF SUGAR FOR PRIVATE PRODUCTION OF ALCOHOL, AND HOARDING AS RESULT OF RUMORED PRICE INCREASE. HE STATED CATEGORICALLY THERE WOULD BE NO PRICE INCREASE, A STATEMENT REITERATED LATER BY CHAIRMAN OF PRICE COMMITTEE IVAN VIDENOV.

3. KAMENOV ALSO MAINTAINED THAT AGRICULTURE WOULD PROVIDE QUANTITIES CALLED FOR IN PLAN FOR 1975 REGARDLESS OF DAMAGES RESULTING FROM SEVERE DROUGHT THIS YEAR. AS EXAMPLE HE CITED BEAN CROP, WHICH HE SAID WAS ONLY 50 PNCT OF PLAN, BUT SUPPLY TO CONSUMERS IN 1975 WOULD BE 17 PNCT MORE THAN 1974. HE FURTHER STATED ABSOLUTE PRIORITY WAS BEING GIVEN PLANNING OF CONSUMER STOCKS AND CONCLUDED NEEDS OF DOMESTIC MARKET WOULD BE SATISFIED FIRST.

4. ILLUSTRATING STABILITY OF PRICES, VIDENOV STATED 1970-1973 INDEX OF CONSUMER PRICES WAS 100.1 PNCT; 100.8 PNCT FOR FOOD (HIGHER BECAUSE OF INCREASE IN PRICE OF ALCOHOLIC BEVERAGES) AND 99.8 PNCT FOR CONSUMER GOODS FROM INDUSTRY. AS REGARDED FOOD, HE SAID THE TREND OF MEAT PRICES WAS DOWN BECAUSE OF MORE POULTRY AND CERTAIN KINDS OF SAUSAGES, WHILE PRICES OF SOME FRUITS AND VEGETABLES WERE UP BECAUSE OF HOT-HOUSE PRODUCTION AND OTHER EFFORTS TO SUPPLY THESE ITEMS OUT OF NORMAL SEASON.

5. CHAIRMAN OF PLANNING COMMITTEE ILIEV ARGUED THAT BULGARIA IS UNAFFECTED BY FOREIGN INFLATION BECAUSE COMMODITIES IN WHICH PRICE RISES HAVE BEEN GREATEST SUCH AS OIL, NATURAL GAS, METALS, COAL, AND ENERGY ARE OBTAINED FROM SOCIALIST COUNTRIES, PREDOMINATELY SOVIET UNION, WHERE PRICES ARE ALSO STABLE. HIGHER PRICES FOR WESTERN IMPORTS ARE BALANCED BY HIGHER PRICES FOR BULGARIAN EXPORTS TO WEST SO NET EFFECT ON ECONOMY IS "ZERO" HE CLAIMED.

6. COMMENT: AUTHORITIES APPARENTLY FELT EFFORT TO LIMITED OFFICIAL USE

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FORESTALL PUBLIC UNEASINESS WAS NECESSARY BEFORE SITUATION WAS EXACERABED BY INCREASED PANIC BUYING AND HOARDING. AUTHORITIES FREQUENTLY ADMIT INABILITY OF ECONOMY TO PROVIDE ALL ITEMS IN DESIRED QUANTITIES. IN SOFIA TEMPORARY SHORTAGES OF BASIC FOOD ITEMS HAVE BEEN OBSERVED, WITH SUGAR, FOR EXAMPLE IN SHORT SUPPLY SINCE DURING SUMMER. EMBASSY DOES NOT KNOW HOW ACUTE SHORTAGES MAY BE IN OTHER CITIES OR IN TOWNS AND VILLAGES. RUMOR

HAS HELD THAT SHORTAGES ARE BEING CAUSED BY EXPORT
OF FOODSTUFFS WHICH EXPLAINS KAMENOV'S ASSURANCE THAT
DOMESTIC MARKET WILL BE SUPPLIED FIRST.

7. GOVERNMENT HAS ALSO PROBABLY CONTRIBUTED TO UN-
EASINESS BY CONTINUOUSLY REFERRING TO DROUGHT (WITHOUT
EVER GIVING ANY EVALUATION OF DAMAGES) AND CALLING FOR
EFFORTS TO OVERCOME ITS EFFECTS. OFFICIAL MEDIA
HAS DEVOTED CONSIDERABLE ATTENTION TO INFLATION IN
INDUSTRIAL WEST AND APPARENTLY AUTHORITIES NOW FEEL IT
NECESSARY TO REASSURE OWN CITIZENS THAT BULGARIAN
ECONOMY IS NOT SUSCEPTIBLE.
HERZ

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